



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **9 VAC 25-260 – Amendment Designating a Segment of Bottom Creek in Montgomery and Roanoke Counties as an Exceptional State Water**

#### **Department of Environmental Quality**

February 20, 2004

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

The General Assembly mandates in §62.1-44.15 of the Code of Virginia that the State Water Control Board establish standards of quality and policies for any state waters consistent with the purpose and general policy of the State Water Control Law. The code also mandates that the State Water Control Board modify, amend, or cancel any such standards or policies and take all appropriate steps to prevent an alteration to water quality contrary to the public interest or contrary to established standards and policies.

The proposed regulation amends the anti-degradation section of the state's water quality standards to designate a segment of Bottom Creek in Montgomery and Roanoke counties for special protection as exceptional state waters.

## Estimated Economic Impact

The proposed regulation designates a segment of Bottom Creek in Montgomery and Roanoke counties as exceptional state waters. An exceptional water quality designation provides extra protection against water quality degradation due to point source discharges. No new or increased point source discharge of sewage, industrial waste, or other pollution are allowed into the water once it has been designated as an exceptional state water. In addition, no new mixing zones are allowed in the designated waters and mixing zones from upstream or tributary waters are not allowed to extend into these designated waters. The designation only makes an exception in the case of temporary, limited impact activities and discharges.

By designating certain sections of Bottom Creek as exceptional state waters, the proposed regulation will prohibit riparian landowners from new or expanded permanent point source discharges. Moreover, by prohibiting new mixing zones in these waters and by restricting mixing zones upstream from expanding into these waters, the proposed change could also affect discharges directly upstream or in tributary waters upstream to the designated water. Under these circumstances, the riparian landowners and affected entities upstream of the designation would have to seek alternatives (such as treating the water to a higher degree or using diffusers to reduce the size of the mixing zone) to discharging into the stream as currently allowed. Thus, the designation of Bottom Creek as an exceptional state water could have a negative impact on future economic activity in the area. However, the designation is also likely to produce some economic benefits. By designating these waters as exceptional state waters, the proposed change is likely to encourage tourism in the area. The designation is likely to increase the number of people coming to the area seeking recreational outdoor activities such as fishing, camping, hiking, and kayaking. This, in turn, is likely to boost economic activity in the area.

The net impact of the proposed change will depend on whether the negative impact of the proposed change on some types of economic activity will be greater than or less than its positive impact on other types of activity. There are no precise estimates available at this time of the net economic impact of the proposed change. According to the Department of Environmental Quality (DEQ), there are 34 riparian landowners, the Nature Conservancy and 33 private landowners. Moreover, there currently are no Virginia Pollution Discharge Elimination System permittees located on these waters or their tributaries. Thus, given the lack of industrial and

residential activity in the area, the negative impact of the proposed change is likely to be limited and quite possibly outweighed by the positive impact on tourism and related economic activity in the area.

### **Businesses and Entities Affected**

By prohibiting new or expanded point source discharges or mixing zones in the designated waters and restricting the size of mixing zones directly upstream or in tributary waters upstream, the proposed regulation will have a negative effect on businesses and entities in the area seeking new or expanded point source discharges into or upstream of the designated waters. These businesses and entities will be required to seek alternatives to discharging as currently allowed. The proposed change is also likely to produce economic benefits for businesses and entities in the tourism industry. By encouraging outdoor recreational activities in the area, the proposed change will benefit these businesses.

According to DEQ, there are 34 riparian landowners, the Nature Conservancy and 33 private landowners. Moreover, neither the segment of Bottom Creek under consideration for designation nor its tributaries currently contain any permitted point source discharges.

### **Localities Particularly Affected**

The proposed regulation will affect areas of Roanoke county and Montgomery county around the segment of Bottom Creek to be designated as an exceptional state water.

### **Projected Impact on Employment**

The proposed regulation is likely to restrict employment growth in industries that would require discharging into or upstream of the designated waters. However, by encouraging tourism, the proposed change could lead to increased employment in industries related to tourism and outdoor recreation.

### **Effects on the Use and Value of Private Property**

Firms seeking to discharge into the designated waters or upstream from these waters will be required to find alternative ways of discharging sewage, industrial waste, or other types of pollution. This is likely to involve additional expenditures on the part of these firms, raising their cost of operation and lowering their asset value. On the other hand, an increase in the

number of people seeking outdoor recreational activities in the area is likely to increase revenues and hence the asset value of firms involved in the tourism industry.